R E P O R T

LOUISIANA HUMAN RESOURCES
DEVELOPMENT INSTITUTE

JUNE 30, 2014 AND 2013

LOUISIANA HUMAN RESOURCES
DEVELOPMENT INSTITUTE

INDEX TO REPORT

JUNE 30, 2014 AND 2013

DUPLANTIER, HRAPMANN,
HOGAN & MAHER, L.L.P.
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INDEPENDENT AUDITOR'S REPORT

October 28, 2014

Board of Directors
Louisiana Human Resources
  Development Institute
1991 Wooddale Blvd.
Baton Rouge, LA 70806

Report on the Financial Statements

We have audited the accompanying financial statements of the Louisiana Human Resources Development Institute (the Institute), which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Louisiana Human Resources Development Institute as of June 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2014, on our consideration of Louisiana Human Resources Development Institute's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Institute's internal control over financial reporting and compliance.

Duplantier, Hrapmann, Hogan & Maher, LLP

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2014 AND 2013

ASSETS

	2014	2013
Cash (Note 1)	$ 5,859	$ 18,519
Accounts receivable - grants (Notes 1 and 5)	29,618	14,990
TOTAL ASSETS	$ 35,477	$ 33,509

LIABILITIES AND NET ASSETS

	2014	2013
Accounts payable	$ 14,909	$ 245
Payroll taxes payable	4,066	4,329
Accrued payroll and benefits	3,851	16,541
Total liabilities	22,826	21,115
Unrestricted net assets	12,651	12,394
Total net assets	12,651	12,394
TOTAL LIABILITIES AND NET ASSETS	$ 35,477	$ 33,509

See accompanying notes.

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	2014	2013
UNRESTRICTED NET ASSETS:		
REVENUES: (Note 1)		
Federal grants	$ 529,325	$ 521,120
Interest income	1,050	1,018
Miscellaneous	-	1,311
Total unrestricted revenues	530,375	523,449
EXPENSES: (Note 1)		
Administrative (Pages 5 and 6)	12,778	11,430
Program (Pages 5 and 6)	517,340	514,673
Total expenses	530,118	526,103
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	257	(2,654)
Net assets - beginning of year	12,394	15,048
NET ASSETS - END OF YEAR	$ 12,651	$ 12,394

See accompanying notes.

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2014

	Administrative	Program	Total
Audit	$ 2,000	$ 8,500	$ 10,500
Bank service fees	671	-	671
Communications	-	3,046	3,046
Fringe benefits and payroll taxes	3,485	170,766	174,251
Salaries	6,570	321,911	328,481
Equipment	-	627	627
Supplies	52	2,550	2,602
Travel	-	9,940	9,940
Total	$ 12,778	$ 517,340	$ 530,118

See accompanying notes.

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2013

	Administrative	Program	Total
Audit	$ 2,000	$ 8,000	$ 10,000
Bank service fees	641	-	641
Communications	-	5,325	5,325
Fringe benefits and payroll taxes	2,763	168,234	170,997
Salaries	5,237	319,502	324,739
Storage	116	-	116
Supplies	673	2,691	3,364
Travel	-	10,921	10,921
Total	$ 11,430	$ 514,673	$ 526,103

See accompanying notes.

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 257	$ (2,654)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
(Increase) decrease in:		
Accounts receivable - grants	(14,628)	101
Increase (decrease) in:		
Accounts payable	14,664	(683)
Payroll taxes payable	(263)	296
Accrued payroll and benefits	(12,690)	(5,015)
Net cash used by operating activities	(12,660)	(7,955)
Cash - beginning of year	18,519	26,474
CASH - END OF YEAR	$ 5,859	$ 18,519

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid for:		
Interest	$ -	$ -
Income taxes	$ -	$ -

See accompanying notes.

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

NATURE OF OPERATIONS:

Louisiana Human Resources Development Institute (the Institute) is a nonprofit corporation established to operate a state-wide multi-service worker assistance program. The assistance includes providing core and intensive Rapid Response services on a statewide basis at times and locations determined by the Louisiana Workforce Commission, the employer and the needs of the affected workers. The Institute staff is housed state-wide in Business and Career Solutions Centers (BCSC) in locations that will serve to cover all eight regions of the state. Services are offered 24/7 to meet the needs of employers, shift schedules and affected workers. The overall goal of the Institute's services is to assist workers dislocated by mass layoffs, facility closures and disasters in securing and retaining employment as quickly as possible. The Institute's primary source of revenue is federal government grants.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The significant accounting policies applied in the preparation of the accompanying financial statements are as follows:

Basis of Accounting and Presentation:

The financial statements are prepared using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) 958-205, *Presentation of Financial Statements for Not-for-Profit Entities*. Under ASC 958-205, the Institute is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, which have no donor-imposed restrictions; temporarily restricted net assets, which have donor-imposed restrictions that will expire in the future; and permanently restricted net assets, which have donor-imposed restrictions, which do not expire. Currently the Institute has no permanently or temporarily restricted net assets.

The statement of activities presents expenses of the Institute's operations functionally between administrative and program.

Public Support and Revenue:

Support and revenue that is restricted by the donor is reported as an increase in temporary restricted net assets. A restriction expires when the stipulated time has elapsed, or the stipulated purpose for which the resource was restricted has occurred. When a restriction expires, temporarily restricted net assets are released and reclassified to unrestricted net assets.

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Income Taxes:

The Institute is exempt from income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501 (c)(3). Accordingly, no provisions for Federal or State income taxes have been recorded in the financial statements.

Equipment:

The title to all equipment purchased by the Institute with federal awards is retained by the grantor. Accordingly, the purchases are expensed and not capitalized in the accompanying financial statements.

Statements of Cash Flows:

For purposes of the statements of cash flows the Institute considers cash and cash equivalents to be all items designated as "cash" on the statements of financial position.

Accounts Receivable - Grants:

Accounts receivable - grants represent amounts due from the grantors for grants to provide services.

The Institute has elected to charge the write-off of accounts receivable directly to bad debt expense in the year such accounts are determined to be uncollectible. Use of this method does not result in a material difference from the valuation method required by accounting principles generally accepted in the United States of America, as accounts receivable from grantors are considered fully collectible.

2. USE OF ESTIMATES:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

3. PENSION PLAN:

The Institute provides a retirement benefit for its employees under a Simplified Employee Pension (SEP) Plan with contributions made to the employee's Individual Retirement Account. The Institute contributes at a rate of 10% of gross salary. All employees with ninety days of service are eligible to participate in the plan. Employer contributions by the Institute were $29,563 and $30,009 for the years ended June 30, 2014 and 2013, respectively.

4. SICK LEAVE:

All employees of the Institute are entitled to thirteen days of sick leave each year. Unused sick leave may be carried over to the following year. The Institute does not pay employees for accumulated leave at termination of employment.

5. ACCOUNTS RECEIVABLE/PAYABLE - GRANTS:

As of June 30, 2014 and 2013, the Institute had receivables from a grantor agency in the amount of $29,618 and $14,990, respectively. These receivables represent expenses incurred in excess of funds received.

6. CONCENTRATIONS:

The Institute's main source of revenue is federal grants. A significant reduction in the level of this support, if this were to occur, may have an effect on the Institute's programs and activities.

7. CONCENTRATION OF CREDIT RISK:

The Institute maintains cash balances at various financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC insured) up to $250,000. The Institute did not exceed the insured limit at June 30, 2014 and 2013.

8. SUBSEQUENT EVENTS:

Management has evaluated subsequent events through the date that the financial statements were available to be issued on October 28, 2014 and determined that no events occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

9. RELATED PARTIES:

The Institute shares office space with the Louisiana Workforce Commission, a related party, at no cost. The annual estimated cost of this benefit has not been determined.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

October 28, 2014

Board of Directors
Louisiana Human Resources
Development Institute

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Louisiana Human Resources Development Institute (the Institute), a nonprofit organization, which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 28, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Institute's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control. Accordingly, we do not express an opinion on the effectiveness of the Institute's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control that we consider to be a material weakness.

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A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2014-01 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Institute's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Louisiana Human Resources Development Institute's Response to Finding

The Institute's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Institute's response was not subjected to auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Institute's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Institute's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Duplantier, Hrapmann, Hogan & Maher, LLP

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

October 28, 2014

Board of Directors
Louisiana Human Resources
Development Institute

Report on Compliance for Each Major Federal Program

We have audited the Louisiana Human Resources Development Institute's (the Institute) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the Institute's major federal program for the year ended June 30, 2014. The Institute's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Institute's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Institute's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Institute's compliance.

Opinion on the Major Federal Program

In our opinion, the Institute complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of Louisiana Human Resources Development Institute is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Institute's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Institute's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in item 2014-01 in the accompanying schedule of findings and questioned costs to be a material weakness.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The Institute's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Institute's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Duplantier, Hrapmann, Hogan & Maher, LLP

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

Passed through the State of Louisiana:

Federal Agency	Federal CFDA Number	Program Description	Contract Number	Federal Expenditures
U.S. Department of Labor	17.278	Workforce Investment Act -Dislocated Workers/ Rapid Response	CFMS; #715053	$ 529,325

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Schedule of Expenditures of Federal Awards of Louisiana Human Resources Development Institute has been prepared in conformity with accounting principles generally accepted in the United States of America. Expenditures are recognized when incurred.

2. DETERMINATION OF TYPE A AND B PROGRAMS:

Federal awards programs are classified as either Type A or Type B programs. For the year ended June 30, 2014, Type A programs consist of the federal programs that expended over $300,000 and Type B programs are the programs that expended under $300,000.

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

SECTION I - SUMMARY OF AUDITOR'S RESULTS:

Financial Statements:

Type of auditor's report issued: unmodified

Internal control over financial reporting:

Material weakness(es) identified?	X yes	___ no
Significant deficiencies identified that are not considered to be material weaknesses?	___ yes	X none reported
Noncompliance material to financial statements noted?	___ yes	X no

Federal Awards:

Internal control over major programs:

Material weakness(es) identified?	X yes	___ no
Significant deficiencies identified that are not considered to be material weaknesses?	___ yes	X none reported

Type of auditor's report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133:	X yes	___ no

Identification of major program:

Name of Program	CFDA No.	Expenditures
Workforce Investment Act – Dislocated Workers / Rapid Response	17.278	$ 529,325

Dollar threshold used to distinguish between Type A and Type B programs: $ 300,000

Auditee qualified as low-risk auditee?	___ yes	X no

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

SECTION II - FINDINGS REQUIRED TO BE REPORTED UNDER GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS:

SEGREGATION OF DUTIES: (2014-01)

Condition and Criteria:	The Institute is not large enough to permit an adequate segregation of employee duties for effective internal control over general ledger, cash receipts, cash disbursements and bank reconciliations.
Cause:	The size of the Institute and the limited number of employees do not permit an adequate segregation of duties.
Effect:	Errors, either intentional or unintentional, could occur and not be detected in a timely manner and in the ordinary course of operations.
Recommendation:	Due to the size of the Institute's operations, it does not have sufficient staff to establish adequate segregation of duties. Management should consider if the cost associated with reducing this deficiency in the design or operation of the internal control is considered to be justified.
Management's Response:	Management has noted this condition and has determined that the cost necessary to establish adequate segregation of duties is not justifiable at this time.

SECTION III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS:

See segregation of duties item 2014-01 noted above.

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

SECTION II - FINDINGS REQUIRED TO BE REPORTED UNDER GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS:

SEGREGATION OF DUTIES: (2013-01)

Condition and Criteria:	The Institute is not large enough to permit an adequate segregation of employee duties for effective internal control over general ledger, cash receipts, cash disbursements and bank reconciliations.
Cause:	The size of the Institute and the limited number of employees do not permit an adequate segregation of duties.
Effect:	Errors, either intentional or unintentional, could occur and not be detected in a timely manner and in the ordinary course of operations.
Recommendation:	Due to the size of the Institute's operations, it does not have sufficient staff to establish adequate segregation of duties. Management should consider if the cost associated with reducing this deficiency in the design or operation of the internal control is considered to be justified.
Management's Response:	Management has noted this condition and has determined that the cost necessary to establish adequate segregation of duties is not justifiable at this time.
Status:	This comment was repeated in the current year.

SECTION III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS:

See segregation of duties item 2013-01 noted above.